

Under clause 8 of Rule XII, executive communications were taken from the Speaker's table as follows:

COMMUNICATION 01441 from the

Assistant Secretary of the Navy for Financial Management and Comptroller,
Department of Defense

transmitting

written notification of advance billing, reasons for the advance billing, an analysis of the effects of the advance billing on military readiness, and an analysis of the effects of the advance billing on the customer, pursuant to 10 U.S.C. 2208.

Referred to the Committee on Armed Services. April 8, 2005.



THE ASSISTANT SECRETARY THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

AS
FT
FEB 23 2005 701434

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, DC 20515-6501

Dear Mr. Speaker:

Section 2208 of Title 10, United States Code, requires written notification of advance billing to the Congress within 30 days after the end of the month in which the advanced billing occurs. The letter shall include the reasons for the advance billing, an analysis of the effects of the advance billing on military readiness, and an analysis of the effects of the advance billing on the customer.

The Department of the Navy will advance bill customer orders up to \$300 million for the period commencing February 23, 2005, until September 30, 2005. Based on current projections, the Navy Working Capital Fund (NWCF) cash balance is expected to remain below the desired 7-day metric throughout FY 2005.

Unanticipated cash transfers and losses in FY 2004 subsequent to submission of the FY 2005 President's Budget request precipitated the decline in the Department's NWCF cash balance. Further, the FY 2005 Department of Defense Appropriations Act reduced NWCF cash by an additional \$150 million. Without advance billing, the NWCF will likely incur an Anti-Deficiency Act violation.

Advance billing of customer orders will allow the Department to maintain current military readiness and operational levels without a negative impact on customers. This process accelerates billings for customer orders for work and services previously budgeted for and received by NWCF activities. There is no impact on readiness or operations accounts.

This same letter was sent to the President of the Senate. As always, if I can be of further assistance, please let me know.

Sincerely,

Richard Greco, Jr.

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SPEAKER'S ROOMS
U.S. HOUSE OF REPS.